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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
10/825,991	04/16/2004	Sebastian Janssen	064385-5012US	8735
9629 7590 11/07/2008 MORGAN LEWIS & BOCKIUS LLP 1111 PENNSYLVANIA AVENUE NW WASHINGTON, DC 20004				
EXAMINER				
WONG, ERIC TAI WAI				
ART UNIT		PAPER NUMBER		
3693				
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**Please find below and/or attached an Office communication concerning this application or proceeding.**

The time period for reply, if any, is set in the attached communication.

### Office Action Summary

**Application No.**

10/825,991

**Applicant(s)**

JANSSEN, SEBASTIAN

**Examiner**

ERIC T. WONG

**Art Unit**

3693

**Period for Reply** -- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

**Status**

- 1) ☒ Responsive to communication(s) filed on 11 September 2008.
- 2a) ☒ This action is **FINAL**. 2b) ☐ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

**Disposition of Claims**

- 4) ☒ Claim(s) 7, 9-14 and 16-22 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 7, 9-14 and 16-22 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

**Application Papers**

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

**Priority under 35 U.S.C. § 119**

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some \* c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
  2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
  3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

**Attachment(s)**

- 1) ☒ Notice of References Cited (PTO-892)
- 2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
- 3) ☐ Information Disclosure Statement(s) (PTO/SB-08)  
Paper No(s)/Mail Date \_\_\_\_\_
- 4) ☐ Interview Summary (PTO-413)  
Paper No(s)/Mail Date \_\_\_\_\_
- 5) ☐ Notice of Informal Patent Application
- 6) ☐ Other: \_\_\_\_\_

## **DETAILED ACTION**

### ***Status of Claims***

1. Claims 1-6, 8, and 15 are canceled. Independent claims 7, 13, and 19 are currently amended. Claims 9-12, 14, 16-18, and 20-22 were previously presented. Therefore, claims 7, 9-14, and 16-22 are pending.

### ***Claim Rejections - 35 USC § 101***

2. 35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

3. Claims 7 and 9-12 rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

4. For purposes of § 101, a "process" has been given a specialized, limited meaning by the courts. Based on Supreme Court precedent and recent Federal Circuit decisions, a process must (1) be tied to another statutory class (such as a particular apparatus) or (2) transform underlying subject matter (such as an article or materials) to a different state or thing. If neither of these requirements is met by the claim, the method is not a patent eligible process under § 101 since it is directed to non-statutory subject matter. In addition to being tied to another statutory class, the claim should positively recite the other statutory class to which it is tied, for example by identifying the apparatus that accomplishes the method steps, or positively recite the subject matter that is being transformed, for example by identifying the material that is being changed to a different state. See *Diamond v. Diehr*, 450 U.S. 175, 184 (1981); *Parker v. Flook*,

437 U.S. 584, 588 n.9 (1978); Gottschalk v. Benson, 409 U.S. 63, 70 (1972); Cochrane v. Deener, 94 U.S. 780, 787-88 (1876).

5. Claims 7 and 9-12 do not meet the qualifications of § 101 set forth above. The claims are not tied to another statutory class nor do they transform underlying subject matter to a different state or thing. The claims recite a computer-based method, but this recitation is nominal since it only appears in the preamble of the claim. Instead, the claims should positively recite the statutory class to which it is tied by identifying the apparatus that accomplishes each method step.

#### ***Claim Rejections - 35 USC § 103***

6. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

7. Claims 7, 9, 13-14, and 19 rejected under 35 U.S.C. 103(a) as being unpatentable over Donahue ("The Stable Value Wrap: Insurance Contract or Derivative? Experience Rated or Not?") in view of Scheel ("The Impropriety of Benefits-Premiums Ratios in Life Insurance Price Disclosure", *The Journal of Risk and Insurance*, Vol. 41, No. 2. (Jun., 1974), pp. 356-360, cited in prior Office action).

8. Regarding claims 7, 13, and 19, Donahue is reproduced in part below:

**When a withdrawal is made, the participant receives contract value. The market value of the contract is reduced by the same amount as the contract value. This forces the ratio of contract value to market value farther from one. For example, if market value is \$95 and contract value is \$100, a \$5 withdrawal will reduce the market to book ratio from 95% (95/100) to 94.7%**

(90/95). There is an additional shortfall between contract and market of .30%. If the current duration of the bond is 1.5 years at the reset date the withdrawal will have caused the credited rate to drop by 0.20%, .30% divided by 1.5 years.

The essence of a non-experience-rated wrap is a transfer of funds between the issuer of the wrap and the stable value fund of an amount that will keep the market-to-contract ratio the same after a withdrawal as it was before the withdrawal. If market value is below contract value, the issuer pays the fund; if market is above contract value, the fund pays the issuers. In the example above, the issuer would have contributed \$.25 to the contract's market value, so that the ratio of market value to contract value,  $\$90.25/\$95.00$ , would remain at 95%.

9. As shown above, Donahue teaches a method to preserve the ratio of market value to contract value. The method comprises making or receiving a payment from the wrap issuer to eliminate any book/market differential caused by a participant withdrawal.

10. Scheel (pp. 356-357) is reproduced in part below:

The problem with the ratio lies not so much in its parameters, but rather in a general mathematical property of ratios that makes them unreliable either as tools for life insurance price disclosure or for policy comparisons. Consider the fraction  $\frac{N}{D} = k$ . If a constant,  $c$ , is added to both the numerator and denominator of this fraction, the value will change by:

$$\Delta = \frac{c(1 - k)}{D + c} \quad (1)$$

When the numerator is less than the denominator and both are greater than zero (the typical case for A' ratios), the new ratio will be greater than the original one when  $c > 0$ , i.e.,  $\Delta > 0$ . The importance of this trivial observation is that this result may be used by insurers to manipulate the value of their A' indexes. The result is also the reason why ratios should not be used to rank policies.

11. As shown above, Scheel teaches a general mathematical property of ratios, ie. if a constant,  $c$ , is added to both the numerator and denominator of a fraction, the value will change by  $\Delta$ , where  $\Delta = (c(1-k)) / (D+C)$ . Thus, the purpose of the payment made or received by the wrap issuer in the method taught by Donahue is to compensate for  $\Delta$ .
12. Adjusting an assessment by a ratio of stable value to market value and then applying the adjusted assessment to the stable value yields an expression mathematically equivalent to subtracting  $\Delta$  from the new ratio, ie. both methods preserve the original ratio by compensating for  $\Delta$ . Therefore, it would have been obvious to one of ordinary skill in the art at the time of invention to modify the method of Donahue to adjust an assessment made to the stable value by the ratio of stable value to market value before applying the assessment to said stable value in order to compensate for  $\Delta$ . One skilled in the art would have been motivated to make the modification to assure stability of principal by maintaining the previous level of put exposure.
13. Regarding claims 9 and 14, Donahue teaches wherein said assessment is at least one of the following: policy charges, cost of insurance charges, mortality risk, death benefit payment, mortality and expense (M&E) charges, asset based fees and investment fees (see endnote 7).

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14. Claims 10-12, 16-18, 20-22 rejected under 35 U.S.C. 103(a) as being unpatentable over Donahue in view of Scheel, further in view of Applicant admission of prior art.

15. Regarding claims 10-11, 16-17, and 20-21, Donahue teaches recognizing proceeds from a claim over an extended period of time (see p.5).

16. Donahue teaches pooled insurance arrangements (see p.8) but does not explicitly teach a pooled mortality arrangement. Applicant admission of prior art teaches pooled mortality arrangements with a plurality of insured. Applicant admission of prior art further teaches said proceeds represent a net amount of risk (NAR) of said death benefit claim (see paragraph 3). It would have been obvious to one of ordinary skill in the art to modify Donahue to include pooled mortality arrangements with a plurality of insured. The modification would have merely been the application of a known technique to a known method ready for improvement yielding predictable results.

17. Regarding claims 12, 18, and 22, Donahue teaches depositing said proceeds from the claim into said stable value investment product such that said market value of remaining insureds increases by said proceeds, but said stable value of said remaining insureds increases over time, thereby effectively increasing reset rate prospectively (see rejection of claim 1).

***Conclusion***

18. Applicant's amendment necessitated the new ground(s) of rejection presented in this Office action. Accordingly, **THIS ACTION IS MADE FINAL**. See MPEP § 706.07(a). Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the date of this final action.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to ERIC T. WONG whose telephone number is 571-270-3405. The examiner can normally be reached on Monday-Friday 9:00AM-5:00PM.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, James A. Kramer can be reached on 571-272-6783. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.



Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

/James A. Kramer/  
Supervisory Patent Examiner, Art Unit 3693

ERIC T. WONG  
Examiner  
Art Unit 3693

October 27, 2008